

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

CODE OF ETHICAL RESPONSIBILITY

1. Each NDPERS employee and Board member owes a duty to conduct himself or herself so as to inspire the confidence, respect and trust of the NDPERS members and to strive to avoid not only professional impropriety, but also the appearance of impropriety.
2. NDPERS employees and Board members should perform the duties of their offices impartially and diligently. NDPERS employees and Board members are expected to fulfill their responsibilities in accord with the intent of all applicable laws and to refrain from any form of dishonest or unethical conduct. Board members and employees should be unswayed by partisan interest, public sentiment, or fear of criticism.
3. Conflicts of interest and the appearance of impropriety shall be avoided by NDPERS employees and Board members. Employees and Board members should not allow their family, social, or other relationships to influence their judgment in discharging their responsibilities. Employees and Board members should refrain from financial and business dealings that tend to reflect adversely on their impartiality or interfere with the proper performance of their duties. If a conflict of interest unavoidably arises, the employee or Board member shall immediately disclose the conflict to the NDPERS Board.
4. Employees and Board members should not unnecessarily retain employees or consultants. The hiring of employees and consultants shall be based on merit, avoiding nepotism and favoritism. The compensation of such employees and consultants shall not exceed the fair value of services rendered.
5. NDPERS members' retirement benefit information and health insurance data shall not be transmitted to any person other than in the fulfillment of an employee's or Board member's lawful responsibilities.
6. Employees and Board members shall not accept any cash or gifts, special accommodations, favors, or the use of property or facilities of more than \$50 from anyone with whom such person is doing, negotiating, or being solicited for business on behalf of NDPERS. However, employees or Board members may accept: occasional meals or beverages from a citizen or business representative in connection with official duties; meals or refreshments offered in connection with a conference or seminar; reimbursement for costs related to attending a conference or seminar; and promotional items of nominal value. Travel and lodging costs may be accepted only upon prior approval of the Board.
7. Employees and the Board members shall perform their respective duties in a manner that satisfies their fiduciary responsibilities including:
 - a) The exclusive benefit rule. All activities and transactions performed on behalf of the retirement fund must be for the exclusive purpose of providing benefits to plan participants and defraying reasonable expenses of administering the plan.
 - b) The prudent person rule. Fiduciaries are required to exercise the same care, skill, prudence, and diligence that a prudent person familiar with such matter would exercise in managing similar affairs. The investments of the trust funds must be diversified so as to minimize the risk of large losses unless such diversification is clearly imprudent.
 - c) Compliance with statutory scheme. The fiduciary must act in conformance with the requirements of law, specifically, North Dakota Century Code chapter 54-52.
 - d) Prohibited transactions. Prohibited transactions for fiduciaries generally fall into two

areas: those involving self-dealing and those involving a party-in-interest. Self-dealing refers to the fiduciary's use of plan assets for personal gain, engaging transactions on behalf of parties whose interests are adverse to the plan, or receiving personal consideration in connection with any planned transaction. A party-in-interest includes a fiduciary, counsel, or employee of the plan, anyone providing services to the plan, any employer or employee, organizations whose employees or members are covered by the plan and any of a number of other persons or entities that have a stated interest or relationship with a party-in-interest. Prohibited transactions between the plan and a party-in-interest include the sale, loan, exchange, or transfer of any plan assets.

8. Violation of these rules may result in an official reprimand from the NDPERS Board. No reprimand may be issued until the Board member or employee has had the opportunity to be heard by the Board.